



Of Interest In Kentucky

Quarterly Newsletter of the Department of Financial Institutions

Issue No. 7, Fall 2008

"The mission of the Department of Financial Institutions is to serve the public through effective and efficient regulation that promotes consumer confidence and economic growth."

Banks remain strong, safe

Media outlets continue to report how the federal government is working to bolster the national economy. Most recently, the Federal Reserve lowered the overnight Federal funds rate to a range of zero to 0.25 percent and declared it would fight the recession by infusing cash through new lending programs.

While some national news reports imply that banks are reluctant to do business, that is not the case in Kentucky. At the November meeting of the Interim Joint Committee on Banking & Insurance, legislators heard from Kentucky Bankers Association President Ballard Casady and economics professors Dr. Donald Mullineaux and Dr. Paul Coomes that Kentucky banks have historically implemented prudent lending practices, and they do have money to lend. The banking industry is ready and willing to help in the economic recovery.

Kentucky state-chartered banks achieved a 0.88 percent return on assets (ROA) for third quarter 2008. By comparison, the average ROA, which is a measure of profitability, is only 0.28 percent for commercial banks nationally.

The ratio of equity to assets for Kentucky banks is above the national average as well – 10.14 percent, compared to the national average of 9.67 percent. The average Kentucky bank also maintains capital levels

Continued on Page 2 ...



Charles A. Vice



The Financial Institutions Board met on Oct. 9 in Lexington. Left to right are: Whitney Taylor Greer-Stokes, Alla Sue Holland, Kevin Walsh, Charles Beach III, William David Michael, William Edward Hesch, Charles Vice, Robert Stafford Jr. and Monti Rhea Collins.

Meeting is informative

The Financial Institutions Board and the Department of Financial Institutions (DFI) management staff had an informative discussion at the board's annual meeting Oct. 9 at Forcht Bank in Lexington. The staff presented a review of the year's activities in the various DFI divisions and branches. Then the board members offered their perspective on

regulation and the health of financial institutions in today's economy.

Commissioner Charles Vice said he values the input of the board members as well as the industry and public. Anyone who has questions or suggestions regarding the regulation of financial institutions in Kentucky is welcome to contact DFI.



... Continued from Page 1

Kentucky banks remain strong, safe

above and beyond what is required by regulators in order to be considered “well-capitalized.”

Recently the federal government increased the insurance provided by the Federal Deposit Insurance Corporation (FDIC), further protecting accounts. The amount of FDIC deposit insurance used to be \$100,000 per depositor; however, the amount of insurance was recently increased to \$250,000. In addition, banks can buy optional insurance to insure non-interest-bearing accounts fully. If you are unsure if your deposits are insured, use the Electronic Deposit Insurance Estimator tool on the FDIC’s Web site, www.fdic.gov.

Since the FDIC was formed in 1933, no depositor has lost any money on insured deposits. In the cases of failed banks in other states recently, such as Washington Mutual and Wachovia National Bank, the situations were resolved with no loss to the depositors or the FDIC insurance fund. There has not been a bank failure in Kentucky for more than 20 years. If citizens have any concerns, they should talk to bank management and determine their account insurance.

DFI is the primary regulator for 158 state-chartered banks in Kentucky, conducting periodic safety and soundness examinations. While banks are facing challenging times, Kentucky’s banking system did not accept the excessive credit risk that negatively impacted other banks throughout the country. DFI is working to maintain a safe and sound banking system in Kentucky, and citizens can bank on the fact that their money is safe in state-chartered institutions.

In Brief ...

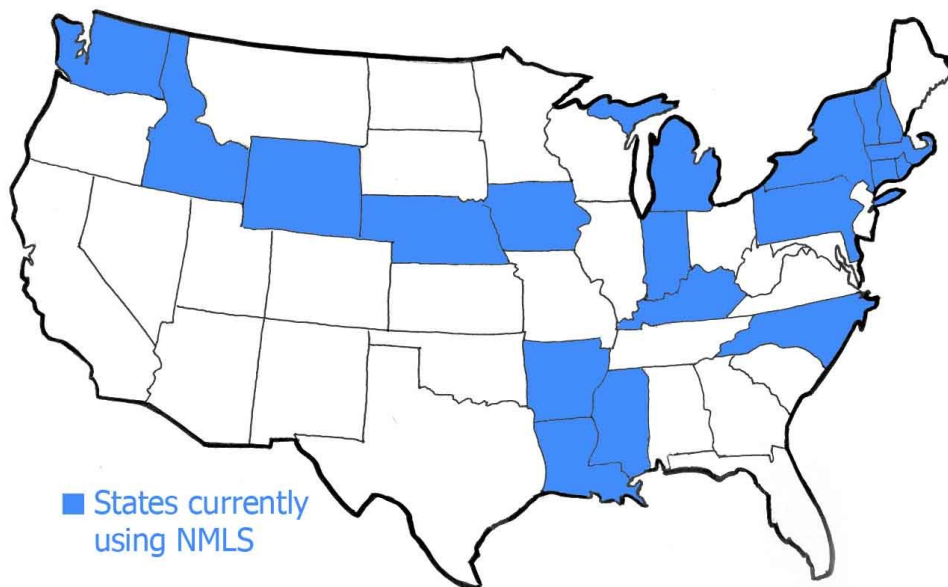
Vice named vice chair

DFI Commissioner Charles Vice has been named vice chairman of the Conference of State Bank Supervisors (CSBS) District 2.

The role of vice chairman is to help represent the views of the district members at Board of Directors meetings and to act as communication liaison between the board and the district members. Some of the issues that may come up could in-

clude federal or state legislation, banking institution or association memberships, conference meetings and the Education Foundation of State Bank Supervisors.

CSBS, the nationwide organization representing state bank regulators, is organized into five districts. District 2 comprises Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio and Wisconsin.



NMLS continues to expand

In its first three quarters of operations, the Nationwide Mortgage Licensing System (NMLS) has registered over 42,000 mortgage loan officers. Additionally, over 8,600 mortgage companies are using NMLS to manage their licenses.

Currently 15 states are participating, and another four will have joined by the end of the year. Kentucky was one of the initial seven states to begin using the system in January 2008.

“Getting more than a third of states onto NMLS in the first year of operations demonstrates the commitment of state regulators to systematically respond to many of the problems we saw developing several years ago,” said Gavin Gee, Idaho Director of Finance and State Regulatory Registry chairman.

In Title V of the Housing and Economic Recovery Act of 2008, signed

into law on July 30, the U.S. Congress recognized the importance of the NMLS. The new law mandates that all mortgage loan originators, regardless of the institution type they are employed by, must be either federally registered or state-licensed through the NMLS.

To date, 47 states, plus the District of Columbia and Puerto Rico, have indicated their intent to participate in NMLS.

NMLS is a Web-based system that allows state-licensed mortgage lenders, mortgage brokers and loan officers to apply for, amend, update or renew a license online for all participating state agencies using a single set of uniform applications. The system is used by state residential mortgage regulators to accept and process uniform license applications and renewal forms.

New manager is named

Joel Catron became the new district manager for the Lexington field office in November. Joel has worked for DFI for nine years, examining financial institutions.

Field offices have changed

The Eddyville Office will now be a territory office. District Manager Paul Lee will administer the Bowling Green and Eddyville Offices.

May selected to lead group

Kelly May was elected president of the Kentucky Jump\$tart Coalition for Personal Financial Literacy at the December meeting. Kelly has represented DFI in the coalition for two years. Jump\$tart is a group of partners interested in promoting financial literacy.

New Web site offers aid

Need help paying bills, finding a job or keeping your home out of foreclosure? The Governor's Office's new Web site, www.assistance.ky.gov, provides links to information about programs that can help during tough economic times.

Lower court ruling affirmed

The Court of Appeals rendered an opinion Oct. 31 in the DFI v. Home Federal



Tim Meador wins the indoor golf playoff to take second place, while some of the staff watches on Oct. 10. Denise Schnieders took first place. Proceeds were donated to KECC.

Savings and Loan Association case. The Court affirmed the ruling of the trial court and held that DFI is not authorized to grant community or geographic-based charters to state credit unions.

DFI gives gifts for Christmas

DFI staff donated about 100 items to six children through the Angel Tree in the office lobby.

The names were provided by the school system in Woodford County, where Deputy Commissioner Ambrose Wilson IV sits on the board.

DFI doubles its KECC goal

The Kentucky Employees Charitable Campaign (KECC) raised nearly \$1.4 mil-

lion this year toward health and human service programs.

The Public Protection Cabinet, in which DFI is an agency, was one of eight cabinets recognized for exceeding the campaign goals, raising more than \$50,000. Of that amount, DFI raised nearly \$7,000, which was 210 percent of DFI's KECC goal.

"I want to say 'thank you' to everyone who participated in the numerous events and contributed time, money and effort," said Commissioner Charles Vice.

The last few events of DFI's campaign included several lunches, a silent auction, a raffle of the "great pumpkin" (which weighed 98 pounds) and an indoor mini-golf tournament.

Meet the new employees

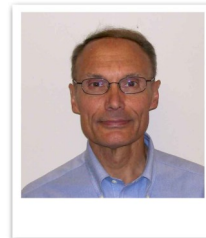
Stan Bryan rejoined DFI as a certified examiner in the Lexington Branch on Oct. 16. This is Stan's third time working for DFI. He first

worked here as a bank examiner from 1979 to 1982, and came back from 1989 to 2005, during which time he and another DFI employee began the mortgage examination program. Between 1982 and 1989, he worked at the Bank of Whitesburg and at Jessamine First Federal Savings and Loan. After retiring in 2005, he went into business for himself as a mortgage loan education provider. "I'm glad to be back," he said. Stan and his wife, Darlene, live in Nicholasville and have two daughters, one granddaughter and one grandson. He is a graduate of Western Kentucky University.



Jozsef Szilagyi became a financial institutions examiner I in the Louisville Branch on Oct. 16. Originally from Hungary, Jozsef has lived in the United States

since 1970. He worked for the First National Bank of Kentucky, which was later bought by National City. His last position at National City was vice president of credit administration when he left there in 2007. He said he enjoys working for DFI. "It's great. It gives me a new opportunity to look at what regulators and examiners do," he said. "Now I'm able to look at all aspects of bank operations." Jozsef studied international business and economics at the University of Kentucky and took several classes at the Patterson School of Diplomacy. He and his wife, Randy, live in Louisville and have a son, Lee, who lives in Washington, D.C.



DFI Contact Information

Main Office:
**1025 Capital Center Drive,
Suite 200
Frankfort, KY
40601
502-573-3390
800-223-2579
Commissioner's
Office Fax:
502-573-8787**

**Eddyville
Field Office:**
**500 U.S. 62 East
Eddyville, KY
42038
270-388-4804
Fax:
270-388-7742**

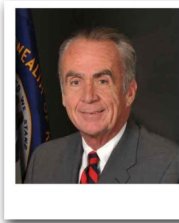
**Bowling Green
Field Office:**
**400 East Main
Bowling Green, KY
42101
270-746-7047
Fax:
270-746-7049**

**Louisville
Field Office:**
**9112 Leesgate Rd.
Louisville, KY
40222
502-429-3290
Fax:
502-429-3295**

**Lexington
Field Office:**
**Spindletop
Administration
Building
2624 Research
Park Drive
Lexington, KY
40511
859-246-2740
Fax:
859-246-2743**

Meet the new staff members

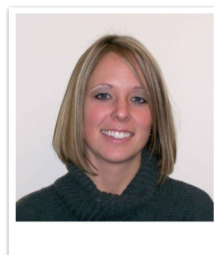
Ambrose Wilson IV joined DFI as deputy commissioner on Oct. 16. He previously worked as human resource business partner at JPMorgan Chase in Lexington for seven years. He earned his bachelor's degree in general studies from the University of Kentucky. He and his wife, Karen, live in Midway. January begins Ambrose's 17th year as a member of the Woodford County Board of Education.



Paul Tate began assisting DFI staff with technology issues on Oct. 16. He is a systems tech specialist in IT, who previously worked for the Division of Waste Management for nine years. Before that he worked in management in the automotive industry for 17 years. Paul is a Kentucky State University graduate with two associate's degrees: industrial electronics and drafting and design. Paul lives in Frankfort with his wife, Tobi. They have two sons, Jason and Keller.

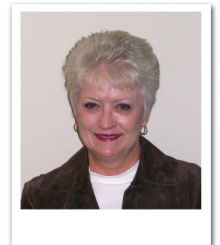


Lindsey Rankin began working as a financial institutions examiner I in securities on Nov. 17. For the past year and a half she worked for the Department of Revenue in individual income tax as a revenue program officer. Prior to that she was finance manager at Green's Toyota. She received her bachelor's degree in business administration from Transylvania University in 2004. Originally



from Versailles, she now lives in Lawrenceburg. "I feel that this job gives you a sense a purpose in that it allows us to protect the investors of Kentucky by regulating advisors/brokers to ensure that they are not only looking out for what's in the best interests of their clients, but also not allowing any fraudulent activity to take place behind closed doors," she said.

Vicki Craycraft joined the commissioner's office staff as executive assistant on Dec. 1. She previously worked 23 years at JPMorgan Chase in Lexington as administrative assistant to the site manager of the home equity loan servicing center. "I find this new job exciting. I have a lot to learn, and everyone has been very helpful and nice," she said. Vicki lives in Lexington with Bill, her husband of 39 years. They have two children, Pamela and Billy, and two grandchildren, Leslie, 12, and Tyler, 7.



Kathy Stewart became director of DFI's Financial Institutions Division on Dec. 16. She most recently worked as sales manager of Silrec Corp. which sells silicon to the semiconductor and solar industry. Prior to that, she worked more than 22 years in commercial banking in Lexington and Louisville. Kathy obtained a bachelor's degree in business administration from Georgetown College and a master of business administration degree from Bellarmine University. She lives in Lexington, and her daughter, Mollie, is a junior at Wake Forest University in North Carolina.



"Of Interest in Kentucky" is published quarterly by the Kentucky Department of Financial Institutions to provide useful information to the institutions that it regulates. This issue was produced by Kelly May. Reader comments and suggestions are welcome and should be addressed to kelly.may@ky.gov, 502-573-

3390, ext. 252, or 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601.

"Of Interest in Kentucky" is available free via e-mail. To subscribe or unsubscribe, send an e-mail to kelly.may@ky.gov. The newsletter also is available at www.kfi.ky.gov/industryinformation/newsletter.htm.